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FM AMEMBASSY MEXICO

TO RUEHC/SECSTATE WASHDC PRIORITY 7843

INFO RUEHXC/ALL US CONSULATES IN MEXICO COLLECTIVE PRIORITY

RUEHBO/AMEMBASSY BOGOTA PRIORITY 3760

RUCPDOC/DEPT OF COMMERCE WASHDC PRIORITY

UNCLAS SECTION 01 OF 02 MEXICO 003511

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STATE FOR WHA/MEX

EB/IFD/OIA FOR JOHN FINN

E.O. 12958: N/A

TAGS: [ECON](#) [EINV](#) [ECIN](#) [ELAB](#) [PGOV](#) [MX](#)

SUBJECT: MEXICO'S INVESTORS DISCUSS EFFECTS OF NARCO CRIME

REF: A. MEXICO 2852

[1B.](#) MEXICO 3246

[11.](#) (U) Summary: Narcotics-related violence in parts of Mexico continues to raise concerns about its potential effect on Mexico's investment climate. On June 28, the American Chamber of Commerce (AmCham) addressed this issue, by holding the International Forum on Investment and Security, where business and government leaders met to discuss the threat of narcotrafficking to the investment climate in Mexico. The general consensus was that, through cooperation between all its branches, the government is doing a good job and needs to continue the fight against organized crime. Colombia's successes in Cali and Medellin were cited as examples for Mexico in their fight. However, it was noted that security is not the only problem facing investors in Mexico. A lack of infrastructure, economic reform and protection of intellectual property were cited as equally severe threats to Mexico's investment climate. End Summary

[12.](#) (U) The AmCham sponsored "International Forum on Investment and Security: Proposals and Prospects" on June 28 in Mexico City. The conference was well attended by both public and private sector members. Presenters included Secretary of Interior Francisco Ramirez Acuna, Attorney

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General Eduardo Medina Mora, and Secretary of Public Security Genaro Garcia Luna.

[13.](#) (U) A main theme among the government presenters was that the fight against crime was a joint effort between all branches of government. Ramirez Acuna noted that both the executive and legislative branches were working together to improve the economy and that includes tackling the security issues. Medina Mora spoke of the move towards changing Mexico's justice system to an accusatory system, to better combat crime. A panel by PAN Senators Ulises Ramirez Nunez and Alejandro Gonzalez Alcocer and PRI Deputy Patricia Villanueva Abrajan, all members of the Mexican Congress's Commission of Justice and Public Security, also touched on the need for joint cooperation between all three branches of government. In addition to the actions by the Calderon government to fight organized crime directly, the legislators said Congress was also taking steps to combat narcotrafficking by combating the underlying causes of organized crime, such as supporting reforms and encouraging improvements in poverty levels, education and health.

[14.](#) (U) Another frequently mentioned point was that, despite the media focus on security, there are other problems that need to be rectified before investment in Mexico can reach its full potential. To emphasize the point, Garcia Luna

commented on the fact that the homicide rate has fallen 39 percent in the past 10 years. He also noted that robberies, not capital crimes comprise the majority of crimes in Mexico.

Among the improvements cited as needed to attract investment are infrastructure development, particularly in the inner regions on the country; increased intellectual property right (IPR) protections combined with an attack on the major sources of IPR violations not just the obvious activities; fiscal and labor reforms; and increased competitiveness in certain key sectors. Medina Mora noted that the National Development Plan (ref A) and the recent fiscal reform package (ref B) are both aimed at improving Mexico's competitiveness overall. He said that the fight against organized crime is just one piece of the competitiveness puzzle.

**¶5. (U)** Colombia's Ambassador to Mexico, Luis Camilo Osorio, who is also a former Colombia Attorney General spoke about Colombia's experience combating organized crime and how it is possible for Mexico to succeed. He spoke of how the cities of Cali and Medellin have been able to improve their security climate and by extension their investment climate dramatically over the past decade. Former Mexican Attorney General, Ignacion Morales Lechuga, spoke of the "Colombialization" of Mexico, and how it will take unity as a society to combat criminal elements. Both speakers said that the steps being taken so far by the Calderon administration are steps in the right direction that need to be continued if there is any hope for success.

**¶6. (U)** Comment: Conference presenters agreed that the Calderon Administration will not give up the fight against criminality, and will push to reinstall the rule of law throughout the country. At the same time, they recognize that security is not the only problem facing the Mexican business community. The question is how successful the push against organized crime will be, and what will be done about the myriad of other problems that threaten Mexico's

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competitiveness. End Comment.

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